

MASSACHUSETTS ELECTRIC COMPANY
D.T.E. 04-51

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF
TELECOMMUNICATIONS AND ENERGY TO
MASSACHUSETTS ELECTRIC COMPANY

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy (“Department”) submits to Massachusetts Electric Company (“Company”) the following Information Requests:

INSTRUCTIONS

The following instructions apply to this set of Information Requests and all subsequent Information Requests issued by the Department to the Company in this proceeding.

1. Each request should be answered in writing on a separate, three-hole punch page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.
2. Do not wait for all answers to be completed before supplying answers. Provide the answers as they are completed.
3. These requests shall be deemed continuing so as to require further supplemental responses if the Company or its witness receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

4. The term “provide complete and detailed documentation” means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.
5. The term “document” is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, phono-records, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.
6. If any one of these requests is ambiguous, notify the Hearing Officer so that the request may be clarified prior to the preparation of a written response.
7. Please file one copy of the responses with Mary Cottrell, Secretary of the Department and on all parties; also submit one (1) copy of the responses to Jeanne L. Voveris, Hearing Officer, one (1) copy of the responses to Paul Osborne, Assistant Director - Rates and Revenue Requirements Division, and one (1) copy to James Powell, Rates Division.
8. In addition to filing, all non-proprietary responses should be submitted by e-mail to dte.efiling@state.ma.us and to the e-mail address of any party required to be served.

INFORMATION REQUESTS

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| DTE 1-1 | Refer to Exhibit MEC-1, at 4. Please indicate what entities would qualify as remarketing agents and those who would be likely to fill this role. |
| DTE 1-2 | Refer to Exhibit MEC-1, at 6. Please provide the citation to the applicable sections of the federal tax law and a copy of the relevant text referred to in the following statement: "the refunding tax-exempt bonds may have a maturity longer than the remaining term of the outstanding tax-exempt bonds, subject to certain requirements established under the federal tax law concerning the expected life of the pollution control facilities." |

- DTE 1-3 Refer to Exhibit MEC-1, at 10. Please discuss under what circumstances the new Massachusetts Development Finance Agency bonds could be considered taxable securities.
- DTE 1-4 Refer to Exhibit MEC-1, at 4-5. Please indicate who the trustee for the new Massachusetts Development Finance Agency bonds will be.
- DTE 1-5 Refer to Exhibit RGS-2. Please provide a similar schedule comparing net utility plant to total capitalization incorporating the following revisions:
- (1) the elimination of construction work in progress on line 4;
 - (2) the elimination of retained earnings on line 23;
 - (3) the elimination of accumulated other comprehensive income (loss) on line 24; and
 - (4) the inclusion of long-term debt due within one year on line 29.
- DTE 1-6 Refer to Exhibit MEC-1, at 16. Please support, including any relevant Department precedent, the statement that “the net utility plant test is not applicable to this refinancing.”
- DTE 1-7 Refer to Exhibit MEC-1, at 7, 17. Please describe the “requirements of bond counsel for MDFA.” What steps is the Company is currently undertaking to satisfy the requirements of bond counsel? What is the anticipated date of any authorization by the Massachusetts Development Finance Agency?
- DTE 1-8 Refer to Exhibit MEC-1, at 7, 17. What steps has the Company taken to obtain an approval from the TEFRA board for an extension of maturity of the MDFA bonds? As part of this response, provide a description of the TEFRA board, including its membership and duties, the approval process, as well as the anticipated date of any TEFRA action on this request.
- DTE 1-9 Refer to Exhibit MEC-1, at 7-8. Please provide the “comparable historic rates” in the “previous five year period” that the Company has relied on in concluding that variable rates will be approximately 3.5 percent over the next five years.

- DTE 1-10 Refer to Exhibit MEC-1, at 7-8. Please describe the basis on which the Company has concluded that variable rates will be in the area of 3.5 percent over then next five years.
- DTE 1-11 Please provide a copy of the Company's Form 10-Q for the period ending December 31, 2003.
- DTE 1-12 Refer to Exhibit RGS-3. Please explain the basis for the selection of a 6.0 percent rate of return for the net present value analysis provided herein.
- DTE 1-13 Refer to Exhibit RGS-3. Please provide a similar exhibit substituting the 6.0 percent rate of return with an 8.0 percent rate of return.
- DTE 1-14 Refer to Exhibit MEC-1, at 10. Please explain the basis on which the Company has determined that a 75 basis point spread over similar maturity U.S. treasuries would provide sufficient flexibility to refinance the new MDFA bonds, assuming such bonds remain tax-exempt during their term.
- DTE 1-15 Refer to Exhibit MEC-1, at 10. Please explain the basis on which the Company has determined that a 300 basis point spread over similar maturity U.S. treasuries would provide sufficient flexibility to refinance the new MDFA bonds, assuming such bonds were to become taxable securities during their term.